

Commercial interoperability: proposals in respect of managing domestic consumer switching where meters with advanced functionality are installed

Citizens Advice response to Ofgem

October 2011

Introduction

Citizens Advice welcomes the opportunity to respond to Ofgem's consultation on its proposals to manage domestic switching where advanced meters are installed.

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. The service aims:

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of nearly 400 independent advice centres that provide free, impartial advice from more than 3,000 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.

In 2010/11 the Citizens Advice service in England and Wales advised 2.1 million people on 7.1 million problems. Debt (2.3 million problems) and welfare benefits (2.2 million problems) were the two largest topics on which advice was given. Of the 2.3 million debt problems, almost 104,000 related to fuel debt. In addition, Citizens Advice Bureaux also dealt with over 40,000 problems about a range of other (non-debt) fuel matters.

We welcome Ofgem's intention to ensure that customers who have advanced meters installed in advance of the mass smart meter roll out can switch suppliers while retaining the advanced functionality of their new meter as far as possible, and that where this is not possible, customers must be given full and clear information in order to inform their decision making. There are some aspects of the proposals that we felt could be strengthened and these are highlighted in our responses to the individual questions below.

Responses to specific questions

1. Do you agree that suppliers should be required to inform the customer of any potential loss of service before a switch takes place?

It is not ideal that early adopters will risk losing some of their advanced functionality should they switch, and we have concerns about the particular difficulties that are likely to be faced by customers who use an ADM in prepayment mode, but we appreciate that there are challenges in managing interoperability prior to the technical specification being established.

If there is any danger of some loss of service, we agree that consumers must be made fully aware this prior to switching. It is important to note that this may mean that customers are less inclined to switch, but this decision must be informed by full information.

We would welcome an additional requirement on suppliers that install advanced meters to inform customers of the advantages and disadvantages of moving to this type of meter, including those relating to possible future loss of functionality, prior to the installation.

It is essential that any information provided is factually accurate; early adopters must not be misinformed by the losing supplier that it is *not possible* to switch following installation of an advanced meter.

2. Do you agree that the old supplier should be required to disable any misleading information prior to the switch taking place?

We agree that losing suppliers must be required to disable any information that is no longer relevant to the customer, including tariff information and marketing messages. We agree that this requirement must apply to all devices and technologies that are linked to the meter.

The proposed licence condition makes no mention of marketing information being disabled by the losing supplier. While such marketing messages may not be misleading, they are unlikely to be welcome to consumers, who have already made the decision to switch away from their old provider. Simply having supplied a household in the past should not allow a supplier this additional means of marketing; only the current supplier should be permitted to display information via any advanced meter or linked device.

3. Do you agree that the old supplier should be prohibited from removing historic consumption data from the meter?

Yes. Historic consumption data is very valuable to consumers for managing their consumption and making future switching decisions. Consumers should not lose this information when they switch suppliers.

4. Do you agree that suppliers should not be allowed to charge customers for the replacement of a prepayment ADM in these circumstances?

We agree that suppliers must be prohibited from charging customers in these circumstances. We are concerned that prepayment meter customers with an ADM are likely to be at a disadvantage when switching, and will face additional inconvenience as a result of ADMs being unable to function in dumb prepayment mode. These customers certainly must not face the additional burden of a meter replacement charge. Furthermore, although suppliers should have an incentive not to charge new customers to change their meter – because it would act as a disincentive for the customer to switch – the evidence we receive from bureaux in relation to misleading sales activity leads us to believe that suppliers could not consistently be relied on always to make such charges clear at the outset.

We note that Consumer Focus suggested, in its response to the spring package consultation, that suppliers could be allowed to provide advanced meters in prepayment mode where they are able to offer the customer some kind of price guarantee and assurance of an improved level of service. We would welcome such an approach, as this would help to ensure that prepayment meter customers are not at a disadvantage as a result of the installation of ADMs.

We are not aware of any other circumstances in which a replacement would be unavoidable, but if other such circumstances are identified, a prohibition on charging customers for replacement must apply to these as well.

5. Do you agree that the old supplier must make available to the new supplier all the information that they would need to help maintain the provision of services based on ADM functionality?

We agree that all efforts must be made to enable the continuation of advanced functionality following a switch, therefore we would support a licence condition that would oblige losing suppliers to provide any information that would help the gaining provider to achieve this.

The proposed licence condition as currently worded states that a supplier would not be expected to provide any information that would 'seriously and prejudicially affect its commercial interest'. There is a possibility that suppliers may use this condition to refuse to provide information in wider circumstances than those intended by Ofgem; we urge Ofgem to look carefully at any situation in which a supplier refuses to provide information under this condition to ensure that it is being used as intended.

We agree that no contractual barriers that would prevent the gaining provider from putting ADM services in place should be permitted.

6. What kind of information would the new supplier need access to in order to ascertain whether they can maintain advanced services?

Citizens Advice is not in a position to comment on this.

7. Do you agree that a large supplier should make available on request all services that a new supplier would reasonably require to maintain some or all of the services relating to ADM functionality?

As stated above, we agree that all efforts should be made to enable to continuation of advanced functionality after a switch, and we also agree that where large suppliers are installing significant numbers of ADMs, there is a risk of large numbers of consumers facing meter exchange on switching. We therefore agree with the principle that suppliers undertaking large scale ADM installations should be subject to a higher level of obligation to facilitate continuing advanced functionality. We are not best placed to comment on the details of how such an obligation should be implemented.

8. Do you consider that the proposed volume thresholds are appropriate? If not, please suggest what would be more appropriate thresholds.

Citizens Advice is not in a position to comment on this.

9. What costs do you consider suppliers will need to incur to ensure compliance with the proposed licence conditions?

Citizens Advice is not in a position to comment on this.

10. Do you consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier where possible?

Citizens Advice is not in a position to comment on this.

11. Do you consider that the measures outlined here places appropriate incentives on the installing supplier in respect of the costs of a meter exchange?

Citizens Advice is not in a position to comment on this.

12. Do you consider that £60 represents an appropriate proxy for the cost of a meter replacement in these circumstances? If not, what would you consider to be a more appropriate amount?

Citizens Advice is not in a position to comment on this.

13. How long a lead time do you consider is appropriate for enabling suppliers to be compliant with the proposed licence conditions?

Citizens Advice is not in a position to comment on the practicalities of suppliers making changes to their systems to comply with the proposals. However, we would expect Ofgem to ensure that any changes are brought into force as soon as possible in order to maximise the protection available for early adopters of advanced meters.

